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SUMMARY RECORD OF THE 60th MEETING

Chairman: Mr. VILCHEZ ASHER (Nicaragua)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 3.20 p.m.

ORGANIZATION OF WORK

1. The CHAIRMAN drew attention to a note prepared by the Secretariat regarding the normalization of the situation concerning South Africa, in response to queries from a number of delegations.

AGENDA ITEM 17: APPOINTMENTS TO FILL VACANCIES IN SUBSIDIARY ORGANS AND OTHER APPOINTMENTS (continued)

(b) APPOINTMENT OF MEMBERS OF THE COMMITTEE ON CONTRIBUTIONS (continued) (A/50/952; A/C.5/50/7/Add.1)

2. The CHAIRMAN said that the Secretary-General had informed the General Assembly that he had received notification of the resignation of Mr. Yuri Chulkov of the Russian Federation from membership of the Committee on Contributions, and was requesting the General Assembly to make an appointment to fill the unexpired portion of his term of office until 31 December 1996. The Government of the Russian Federation had nominated Mr. Evgueni Deineko to fill the unexpired portion of that term.

3. Since there were no other candidates, he would take it that the Committee decided, by acclamation, to recommend to the General Assembly the appointment of Mr. Evgueni Deineko as a member of the Committee on Contributions, effective on the date the General Assembly took up the item and ending on 31 December 1996.

4. It was so decided.

AGENDA ITEM 116: PROGRAMME BUDGET FOR THE BIENNIUM 1996-1997 (continued) (A/50/7/Add.16; A/C.5/50/57 and A/C.5/50/66)

Progress report on the implementation of the programme budget for the biennium 1996-1997

5. Mr. CONNOR (Under-Secretary-General for Administration and Management) introduced the report of the Secretary-General on the implementation of the programme budget for the biennium 1996-1997 (A/C.5/50/57). In response to action by the General Assembly on the programme budget for the biennium, the Secretariat had identified an estimated $140 million in reductions over the biennium, which, although not the full amount mandated, represented a good beginning. Vacancy rates were currently estimated at 9 per cent for Professional posts and 7 per cent for General Service posts, and there had been changes in programme delivery and services. The efficiency gains to be realized over the biennium were seen as a positive response to the requirement by the General Assembly that mandated programmes and activities were to be delivered in the most effective and efficient way. The Advisory Committee on Administrative and Budgetary Questions had found that economies could be achieved in a number of areas, including productivity gains as a result of technological innovations.

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more cost-effective expenditure on travel and consultants, and a review of publications.

6. Notwithstanding sincere efforts to achieve efficiency gains, however, the required savings could not be achieved without some impact on staffing. The proposed programme budget for 1996-1997 had abolished 200 posts. The approved budget would require an estimated 800 vacancies during the biennium. As at 31 March, 673 posts had been reported vacant; approximately 100 more had been achieved since that time. The Secretariat was thus entering the last phase of voluntary terminations.

7. For the first time, the current programme budget reflected efficiency gains, and an Efficiency Board had been established in November 1995 to advise the Secretary-General. Efforts were being accelerated through departmental efficiency reviews and longer-term reviews of issues that cut across several departments or the entire Secretariat. Efficiency measures already included in the 1996-1997 programme budget included investment in office automation technology, a reduction of posts associated with the implementation of the Integrated Management Information System (IMIS), the contracting out of selected building management and archival functions in New York, and the establishment of common support services in Nairobi. Every department and office was also carrying out efficiency reviews in order to mitigate the negative impacts of budget reductions and to address the need to provide better performance and service for Member States. Indeed, a number of Member States were contributing experience and expertise to the process. The first step was to identify issues with potential efficiency payback - some 350 such issues had been identified by programme managers thus far and incorporated into a planning document. Action managers were then given responsibility for implementation of recommendations. Examples included savings in the areas of documents production, travel costs, scheduling of night and weekend shifts in the Office of Conference and Support Services and consolidating computing services. Longer-term efficiency reviews in such cross-sectoral areas as simplification of personnel rules and regulations and financial rules, more effective use of information technology and travel were expected to yield further efficiencies.

8. The long-term purpose of the exercise was to embed efficiency in the Organization's planning. In September 1996, the Secretary-General would issue a report to the General Assembly on comprehensive measures to achieve efficiencies. The programme budget for 1997-1998 would institutionalize those efficiencies and would reflect a significant organizational shift.

9. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) introduced the report of ACABQ contained in document A/50/7/Add.16. He noted that, in its resolution 50/214, the General Assembly had requested a potential total of five reports on that subject to be submitted in 1996 alone. The Advisory Committee was of the view that, at a time of increasing demand for streamlining procedures, an integrated reporting approach should be adopted. The Advisory Committee had also commended the Secretariat for the large amount of work it had done to prepare the report in the short time given; however, the report was quite general and lacked the detail the Fifth Committee expected in a report which might have become a vehicle for adoption of

a revised budget section by section. The next report should be presented in the format of a budget document.

10. The Advisory Committee had discussed at length the proposals of the Secretary-General to implement the reductions mandated by the General Assembly. To implement the reductions, not only would vacancies for Professional posts be raised above the level assumed in the initial budget, but those for General Services would also be increased above that referred to in resolution 50/214. The higher vacancy rate would be necessary to implement the mandated reductions and had resulted from the review carried out by programme managers. In addition, non-staff costs would have to be reduced. At the current stage, the reductions totalled $91 million for staff costs and $49 million for non-staff costs, for a total of $140 million, instead of the $154 million projected by the Secretary-General.

11. With regard to termination of staff and payment of indemnities, the Secretariat must be more transparent regarding the buyout programme, as its overall objective, particularly as it concerned Professional staff, was not quite clear. The Advisory Committee had requested additional information on the $25.5 million paid in termination indemnities during the biennium 1994-1995 and another potential $15 million to be paid in 1996, but none had been made available. In view of the vacancy situation and the financial situation of the Organization, such spending for termination indemnities required further justification. The impact of the recruitment freeze, as well as measures to confine recruitment of temporary language staff largely to the local market, required careful monitoring with the objective of redressing any adverse effect on United Nations operations and its character as an international organization. In that connection, the Advisory Committee had been informed that exceptions, subject to specific conditions, would be applied to the recruitment freeze.

12. The relationship between the efficiency reviews and the proposed measures to implement the reductions was not very apparent in the Secretary-General's report. A close analysis of that report could lead to the impression that there were two separate exercises, the efficiency reviews, on the one hand, and a review involving programme managers, on the other. The Advisory Committee had cautioned against the establishment of yet another layer of bureaucracy to deal with reviews and evaluation of operations. For those reviews to have a lasting effect, they must be an integral part of programme formulation and implementation, with the goal of achieving efficient operations in the long term. Some of the measures proposed to effect budget reductions might produce short-term gains, but in the long run could be more costly. For example, it was not advisable to reduce investment in new technology. The current technology infrastructure and information systems needed urgent overhaul, and to that end, the Advisory Committee called for a strategy for technological development to be part of the budget proposals for the biennium 1998-1999.

13. In its conclusions, ACABQ had stated that the extent to which resolutions 50/214 and 50/215 could be implemented was not a technical, but a political judgement; it was for Member States to decide whether the evidence available thus far called for a mid-course correction or for measures to reinforce the implementation of those resolutions. The Secretary-General had projected reductions of $140 million; the Advisory Committee doubted whether even that

lower target could be achieved unless more was done. Should that be the view of the General Assembly, action to be taken was indicated in paragraph 40 of the ACABQ report. The United Nations had a programme budget, which was linked to the level of services, programmes and activities to be delivered. The General Assembly had changed the resource side of the equation but had demanded that services should be delivered and programmes implemented fully. The reports of the Secretary-General and of ACABQ concluded that it would be difficult to implement the mandated reductions. If the reductions were to be implemented fully and more were to be absorbed, then the Advisory Committee had stated that there was a need to avoid a general deterioration in the quality of virtually everything the United Nations did by reviewing programmes so as to allow priority activities to be carried out. For that exercise to have any meaning, the relevant intergovernmental machinery charged with programme formulation and approval must be involved, as ACABQ had stated continually for decades.

14. The Advisory Committee referred to General Assembly resolution 41/213 in paragraph 42 of its report; the impact of that resolution on the budgetary process might not be fully appreciated. The resolution had three components: a provision for an outline leading to a programme budget, a contingency fund provision and a mechanism to deal with additional costs, such as those related to inflation, currency fluctuations or the maintenance of peace and security. The resolution also called for broad agreement on the budget outline, which in practice had meant that, with very few exceptions, almost all decisions were taken by consensus. It was a misconception that the resolution did not call for absorption: it did. It required that additional appropriations should be considered only when the Secretariat had demonstrated to the General Assembly that it had been impossible to absorb all additional costs. It could be argued that there was nothing in the budgetary process that could not be changed, including resolution 41/213. Those who thought that the resolution was no longer relevant or should be ignored, however, should consider any alternative course of action very seriously. He would not advise a change in the provisions of that resolution.

15. Under current procedures, the estimated expenditure of $120 million referred to in annex VII of the report of ACABQ would not have been included by the Secretary-General in his initial budget estimates unless there had been a legislative mandate for such action. That procedure would prevent the initial budget from being inflated with costs which might not be required and would permit a much more realistic budgetary provision once the General Assembly or other competent organs had taken the necessary decisions. If it were to be argued, however, that such costs should be included, then a different approach would have to be followed in calculating the budget. Accordingly, ACABQ advised that a careful technical examination must be made of the issues concerning additional expenditure, especially that related to peace and security and to currency fluctuations and inflation, prior to a change in the manner in which those additional costs were being dealt with.

16. In accordance with the procedure set out in resolution 41/213, the budget outline for 1998-1999 should be approved by the end of 1996. Several policy issues must be resolved prior to the adoption of the outline. In the report of the Secretary-General and in testimony before ACABQ, reference was made to activities that had been postponed or delayed, but not abolished. Secondly, the

number of vacant posts would remain unfunded for the rest of the biennium. The General Assembly would have to provide further guidance on those matters to facilitate the preparation of the outline. In arriving at its decision, the General Assembly would no doubt wish to profit from the views of the relevant intergovernmental bodies as to the future of activities that had been postponed.

17. Mr. GUTIÉRREZ (Costa Rica), speaking on behalf of the Group of 77 and China, expressed support for the Advisory Committee's conclusions in document A/50/7/Add.16. He reiterated the Group's position that the programme budget for the biennium 1996-1997 was still fully valid, and that the adoption of the budget did not constitute a ceiling on expenditures. There were established procedures for revision of the budget, the inclusion of new mandates and the financing of additional activities from the contingency fund, but those procedures presupposed consultations among the Member States. Moreover, General Assembly resolution 50/214 reaffirmed that changes in mandated programmes and activities were the prerogative of the General Assembly, and stated that savings in the proposed programme budget must not affect the full implementation of mandated programmes and activities in both qualitative and quantitative terms. As stated in the Advisory Committee's report, as a result of the partial implementation of some programmes, there had been a general deterioration in the quality of all United Nations activities.

18. For the requisite consultations with Member States on the subject of cost savings to be effective, Secretariat reports needed to contain clear and precise statements of the amounts to be saved, the methods of achieving those savings, and both the general and specific impact such methods would have on the programmes concerned. The Group felt that the Secretary-General's report in document A/C.5/50/57 was not completely clear in those areas.

19. The General Assembly had requested the Secretary-General to strengthen the Joint Inspection Unit (JIU) and fill the vacancies in that Unit as soon as possible; such provisions would have the effect of excluding the Unit from the current exercise. The information given in the Secretary-General's report concerning post reductions was not only confused but also, in some cases, inaccurate.

20. The Group requested clarification of the Secretary-General's proposal to implement significantly higher vacancy rates for Professional and General Service staff than those called for in the Assembly's resolution. It was apparent that financial requirements for voluntary separations were far greater than had been indicated by the Secretary-General, and there was also a need for more precise information about the redeployment of staff. Moreover, the Group questioned the appropriateness of continuing to recruit new staff when serving staff were being separated.

21. The Group believed that the proposals to achieve the savings called for in the programme budget for the biennium 1996-1997 remained just that, namely, proposals only, to be carried out only after being discussed and approved by Member States. Any action taken without such a mandate did not reflect the will of Member States. It was important to recall the role of intergovernmental bodies in considering the programme of work, so as to provide appropriate and clear information to the Secretary-General.

22. Mr. KONISHI (Japan) expressed his delegation's view that the Secretary-General's report was not fully responsive to General Assembly resolution 50/214, and that further discussion of the matter would be required at the fifty-first session of the General Assembly. The reductions in expenditure identified in the report fell $14 million short of those called for in the resolution and were perhaps not achievable in any case; more information was required regarding the nature of the "efficiency gains" required to make up the shortfall.

23. The Secretary-General's report did not make a clear distinction between those savings measures that were the sole prerogative of the Secretary-General and those which required approval by the General Assembly or other intergovernmental bodies. The Japanese delegation also joined the Advisory Committee in calling for more detailed information on the impact of economy measures on individual programmes, so as to enable Member States to conduct the necessary review of programme priorities.

24. His delegation therefore requested the Secretariat to submit its next report at the earliest opportunity in the fifty-first session of the General Assembly, and asked for the Secretariat's views regarding the feasibility of the Advisory Committee's recommendation that the relevant intergovernmental bodies should review the programme of work for the biennium 1996-1997.

25. He noted that the proposed vacancy rate for Professional staff greatly exceeded the level specified in General Assembly resolution 50/214, and expressed his delegation's view that more non-staff economies should be sought in order to avoid an undesirable impact on the delivery of mandated activities. His delegation strongly believed that national competitive examinations should continue to be used to recruit qualified personnel. He also requested detailed information from the Secretariat regarding the number of staff to be separated, as well as a detailed analysis of the buyout programme and its effect on cost savings in the current biennium. His delegation doubted the appropriateness of using such a programme for reducing staff costs if it would require additional resources to pay separation entitlements to departing personnel.

26. His delegation wished to know whether the Secretariat intended to seek further savings so as to absorb the $120 million in additional costs cited in the Advisory Committee's report, and also called for more information regarding the activities of the Efficiency Board. The issue of recosting and its effect on the proposed programme budget for the biennium 1998-1999 were of particular interest to his delegation. Finally, given the unique worldwide function of the Organization, his delegation was of the view that reducing the budget should not be an end in itself but rather a means of strengthening the Organization.

27. Mr. HANSON (Canada), speaking also on behalf of Australia and New Zealand, commended the cooperation of most programme managers in identifying possible budget reductions, and urged the Joint Inspection Unit to join in that cooperative effort. He expressed gratitude for the additional information on reductions provided by the Advisory Committee and the view that the mandated savings could be fully achieved without adversely affecting the Organization's programme of work.

28. In view of the three delegations' repeated emphasis on the need to safeguard programme delivery by concentrating reductions on non-programme activities, he called for greater reductions in the appropriations for the Department of Administration and Management, as well as in those for the executive office and administrative functions of other departments. Efforts should also be continued to reduce the ratio of General Service to Professional staff.

29. The Secretary-General could best formulate proposals for suspending or modifying activities or reordering priorities in order to achieve desired savings, and it was essential that substantive dialogue on such proposals should take place between the Secretariat and the competent intergovernmental bodies.

30. Mr. ODAGA-JALOMAYO (Uganda) expressed his delegation's general support for the recommendations contained in the Advisory Committee's report. The Secretary-General's proposals fell too far short of the requirements of General Assembly resolution 50/214, since, in his delegation's view, delays in the delivery or deterioration in the quality of mandated programmes meant that those programmes were not being fully implemented. Moreover, the postponement of maintenance and repair programmes could lead to higher future resource requirements.

31. Member States needed more detailed information on the impact of specific cost-saving measures. The Secretary-General's report contained no proposals to realize savings without affecting programme implementation, nor did it state which mandated activities would be postponed, delayed or deferred. His delegation also requested clarification of the Secretariat's views on absorption, deferral, delay and postponement in the context of achieving the desired efficiency gains. It was the responsibility of the General Assembly to decide on modifications of mandated programme activities, as well as on measures affecting staffing. Moreover, the review of programme activities was the responsibility of the programme-formulating bodies, and those bodies would have to provide the Secretary-General with guidelines for the biennium 1988-1989.

32. Ms. PEÑA (Mexico) reiterated her delegation's belief that the programmes and activities mandated by the General Assembly should be respected and fully implemented. Any contemplated cost reductions should be fully consistent with that goal. All of the Organization's budget sections should be considered in a fair, equitable and non-selective manner.

33. She was surprised that the Joint Inspection Unit had not put forward any cost reduction proposals. She hoped that the Unit would cooperate with the Secretary-General to achieve savings.

34. Her delegation supported the Secretary-General's efforts to improve efficiency as part of his comprehensive management reform plan and the steps that were being taken to simplify procedures with regard to financial administration, travel and documentation.

35. It would be helpful to receive clarification on the introduction of the lateral deployment programme and its implications with respect to achieving an average vacancy rate of 9 per cent for General Service staff and 7 per cent for

Professional staff. More details were also required regarding the lack of provision for savings under budget section 7B, "Africa: critical economic situation, recovery and development", and section 29, "Office of Internal Oversight Services". She also wished to know what projects were being considered for deferral under section 31, "Construction, alteration, improvement and major maintenance".

36. The deferral of 16 non-periodic reports and meetings of ad hoc groups of experts of the Economic Commission for Latin America and the Caribbean was of particular concern to her delegation, as was the higher level of savings envisaged for that regional commission.

37. Regarding the proposal to reduce the number of disarmament fellowships from 25 to 15, she wondered whether savings in that area could be made by cutting travel costs. It would be premature to consider savings under section 10A without taking account of the conclusions of the ninth session of the United Nations Conference on Trade and Development regarding changes to the Conference's work programme.

38. Since her delegation favoured the full implementation of the measures adopted by the General Assembly and the Commission on Human Rights with regard to the United Nations Decade for Human Rights Education, she did not consider it advisable to identify possible savings in that section's programme of publications. She was also concerned about the lower level of staff support for the missions of special rapporteurs.

39. The budget cuts proposed under section 26 should not affect the provision of conference services beyond the agreed level. In that respect, her delegation had been alarmed by the contents of document A/C.5/50/66 regarding the possible deterioration in such services.

40. Generally speaking, she wished to draw the Committee's attention to the fact that, in the long run, short-term savings often had the opposite effect to what had originally been intended.

41. Mr. GELBER (United States of America) said that the Secretary-General had made an admirable effort in identifying reductions in the range of $140 million to be achieved over the current biennium. Those savings represented significant progress towards the total reductions of $154 million that had to be identified in order to reach the budget level of $2.608 billion. The Secretary-General's report represented the first tangible step in streamlining the budget and establishing a biennium budget level.

42. It was imperative that the budget should stay within the level established for the biennium. Resources required to finance new and unfunded activities had to be absorbed within the $2.608 billion budget level. The Secretariat had estimated additional requirements for the biennium at $120 million to cover unfunded activities. Much needed to be done to ensure that expenditures did not exceed the approved budget level.

43. While believing that further efficiency savings were attainable, his delegation recognized that such savings were limited in scope and might not

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yield savings in the magnitude required to absorb the estimated additional requirements. Attention would have to be focused by Member States and the Secretariat on the mandates which underpinned activities and programmes. Priorities would have to be defined and reordered if the Organization was to achieve the desired level of savings. The Secretary-General was in the best position to know which mandates were good candidates for collective review. His delegation therefore requested the Secretary-General to undertake a review of all mandates and make recommendations to the Member States for action. It was the responsibility of Member States to make hard choices among priorities.

44. Mr. ELZIMAITY (Egypt) said that the situation was extremely confused and his delegation had a number of questions to put to the Under-Secretary-General for Administration and Management. His delegation was currently not in a position to say that it took note of the report because it felt that by merely saying so it would give the Secretariat the green light to interpret it in a particular way.

45. The Under-Secretary-General should clarify exactly what the Secretariat was expecting from the General Assembly, and in particular whether there were specific elements which required the General Assembly's approval. He wondered whether there was anything the Secretariat could do without the General Assembly's approval.

46. Regarding personnel matters, additional information should be provided as to the programmatic justification for keeping certain posts vacant. His delegation would be interested to learn on what basis such a selective approach had been taken. Furthermore, he asked for confirmation that the high vacancy rate would not affect the full implementation of mandated activities.

47. It was unclear what treatment would be reserved for the vacant posts at the end of the biennium; he wondered whether they would be proposed for abolition in the 1998-1999 budget. If that was indeed the intention, his delegation failed to understand why the Secretary-General had not already submitted proposals to that effect. His delegation expected a full and detailed explanation as to the number of staff remaining in all categories as a result of attrition, retirement, early separation, redeployment and involuntary separation. The Under-Secretary-General should also explain why the Administration was offering such a generous and costly early separation programme if the Secretary-General could achieve most of the staff reductions required by strictly observing the freeze on recruitment. More information was required concerning the financing of the buyout programme and the number of staff who would have to be separated involuntarily. In particular, the Under-Secretary-General should elucidate the legal basis for such separations and indicate what action was required by the General Assembly in that regard.

48. His delegation would welcome confirmation that, given the drastic departmental reductions in services and activities, all mandated activities would continue to be fully implemented. It was unclear what would happen to those activities scheduled for curtailment, delay or postponement. The implications of the entire process for the following budget were also unclear; specifically, he wished to know whether the next budget would be smaller than the present $2.6 billion.

49. Regarding the efficiency review, his delegation was still awaiting details relating to the total support provided to the Efficiency Board. The Under-Secretary-General should confirm his earlier position that, if the regular budget continued to be used to finance the Efficiency Board, it should be disbanded. More information was required about the planned target of additional savings through the efficiency review. In addition, his delegation failed to see the connection between the budget reduction and the efficiency review. Specifically, clarification was needed as to whether the Under-Secretary-General planned to cut more than $154 million through the review. Moreover, the Secretariat had indicated that the review comprised three phases; he would like to know which phase had currently been reached.

50. Finally, his delegation indicated that it was not in a position to renegotiate the budget approved by the General Assembly in December 1995. In addition, he shared that view that any new mandate or activity would require new additional funding while rejecting the notion of a budget cap. Such a concept was simply alien to an international organization in which the will of the members had to be respected through constructive compromise.

AGENDA ITEM 159: HUMAN RESOURCES MANAGEMENT (continued) (A/50/7/Add.8, A/50/540; A/C.5/49/13, A/C.5/49/60 and Add.1-2 and Add.2/Corr.1, A/C.5/49/63, A/C.5/49/64; A/C.5/50/2 and Add.1, A/C.5/50/3, A/C.5/50/61, A/C.5/50/64; A/C.5/50/L.2)

51. The CHAIRMAN drew the attention of the Committee to the reform of the internal justice system in the United Nations Secretariat. The issue had been left in abeyance for the previous two consecutive sessions of the General Assembly since the Committee had been unable to agree on the best course of action to follow with regard to the Secretary-General's proposals. In order to break the deadlock, he intended to invite a group of delegations to discuss the issue in the near future.

52. Mr. HALLIDAY (Assistant Secretary-General for Human Resources Management), introducing document A/C.5/50/64 concerning reasonable time for staff representational activities, said that the information contained therein constituted the most accurate data which the Office of Human Resources Management had been able to gather from the nine major duty stations of the global Secretariat about their staff representational bodies. Together with related reports from the previous session, the document indicated the actual costs incurred through the granting of official time to individuals elected to serve as senior officers in staff representational executive committees.

53. The documents before the Committee also set out the mandates for staff-management and staff representational activities and explained the understandings under which the staff-management consultative process took place at both global and local levels. Membership of global and local bodies and their meeting schedules had also been indicated, as had the role and functions of staff representatives.

54. Costs of staff-management activities could be identified as both direct and indirect charges against the regular programme budget. Direct charges comprised travel and subsistence, full-time support staff costs, and expenditure related

to supplies and communications. Indirect costs related to staff time which was devoted to representational activities.

55. The renewed interest of the Fifth Committee in the matter coincided with the Secretary-General's concern to have a clearer definition of the amount of time considered to be "reasonable" for the conduct of such activities. A clearer definition would offer obvious advantages to both management and staff in facilitating work planning and programme delivery, thereby assisting staff representatives to plan effectively the time available to them to carry out their regularly assigned functions without detriment to their own personal career responsibilities and objectives.

56. The definition of "reasonable time" presented in document A/C.5/50/64 was significant in that, for the first time and in a spirit of accountability and responsibility, there was a quantifiable statement of how much time staff were believed to require to fulfil their representational responsibilities. Staff representatives viewed those arrangements as the minimum level of release required if they were to carry out their duties effectively.

57. The preliminary estimate of the indirect cost of applying the "reasonable time" formula contained in the annex to document A/C.5/50/64 was $2.4 million at 1996 rates. Those arrangements had been made prior to the adoption of General Assembly resolutions 50/214 and 50/215. The Secretariat was currently in a very different position with regard to its financial and human resources. Nevertheless, he wished to reaffirm his belief that a constructive staff-management consultative process could have a beneficial effect on the functioning and activities of the global Secretariat and also on the implementation of change.

58. Mr. DUVAL (Director, Translation and Editorial Division) said that pursuant to General Assembly resolution 49/222 B of 20 July 1995, a report proposing a comprehensive policy on the use of retirees was being prepared and would be submitted to the General Assembly at its fifty-first session. Pending consideration of the report, it had been decided that an annual ceiling of $12,000 would be imposed on the earnings of retirees. At the same time a derogation for the fiftieth session had been authorized in respect of conference services.

59. Document A/C.5/50/61 recommended that the temporary derogation granted to conference services should be extended until 31 December 1996. Unless action was taken by the General Assembly during its resumed fiftieth session to extend the derogation, the enforcement of the $12,000 limit was likely to have a negative impact on conference servicing during the fifty-first session. The report currently before the Committee outlined the specific reasons why conference services relied so heavily on retirees. First, the permanent staff resources of conference services were insufficient to deal with the workload throughout the year, and hence recourse to temporary staff was both necessary and frequent.

60. Second, retired language staff accounted for a significant proportion of the temporary assistance recruited by conference services for obvious reasons of

efficiency, since such staff did not need to be trained in the requirements of the Organization.

61. Third, locally recruited temporary assistance was by far the least expensive, and the overwhelming majority of freelance staff in that category happened to be United Nations retirees.

62. The application of the $12,000 limit would mean that the local market would be exhausted before the end of the autumn session of the General Assembly, which in turn would mean that non-local temporary staff would have to be recruited at some point during the session with all the additional costs which such a procedure would entail. In some cases, the Organization would experience difficulty in recruiting sufficiently experienced personnel once the traditional sources had dried up.

63. He trusted that the derogation could be extended to 31 December 1996. By then the General Assembly would have considered the issue of a comprehensive policy on the use of retirees and it was hoped that a regime would be established which would take into account the specific needs of conference services.

64. Mr. GOKHALE (India) noted that questions had been raised concerning the proposed reform of the internal system of justice by both the Staff Union and the United Nations Administrative Tribunal. Further reflection was needed, and it might not be possible to find time to deal with the issue at the resumed session. In particular his delegation shared the views of the Advisory Committee and of the Administrative Tribunal that consideration needed to be given to whether arbitration was the right method for the settlement of administrative disputes; whether the replacement of the Joint Appeals Board by the Arbitration Board would result in more independence, given that the Secretary-General would make appointments to the Board; whether the new system would circumscribe the Secretary-General's authority under the Charter to decide on administrative issues, in view of the binding nature of the arbitration; whether the ends of justice were served by making the Chairman of the Arbitration Board the Chairman of the Disciplinary Board; whether the new system would apply uniformly to the common system and whether the International Civil Service Commission had been consulted; and whether, as stated by the Administrative Tribunal, the new system would cost more. The Advisory Committee had also raised the issue of remuneration for the members of the Arbitration Board and the cost of additional staff requirements.

65. At a time of savings of $154 million, reductions in personnel, curtailment of mandated activities and proposals from some delegations that additional mandates should be absorbed within the level of $2.608 billion approved by the General Assembly, it served no purpose to look at additional mandates when it was quite clear there would be no additional funding.

66. Mrs. GRAHAM (United States of America) noted that in informal consultations the Assistant Secretary-General for Human Resources Management had indicated that the indirect costs of staff representational activities were approximately $2 million per annum. Adding in the direct costs it seemed likely that the full

amount was $3 million per annum. That amount was unacceptable, and she wished to know whether the staff defrayed any of the costs incurred.

67. On the question of the employment of retirees, her delegation had made it very clear that the Office of Conference and Support Services had been granted a one-year derogation to allow it to devise a system whereby there would be no need to use retirees in excess of the $12,000 limit. It seemed, astoundingly, that nothing had been done to prevent such "double-dipping". The Committee would note that the original exemption had been granted in 1982, and it could certainly not be extended. Her delegation urged the aggressive use of outsourcing in such areas as translation to resolve the issue.

68. Mrs. EMERSON (Portugal) said that her delegation shared the Secretary-General's belief that good consultative relations had a beneficial effect on the global Secretariat and that her Government supported the existence of staff unions. She welcomed the provision of more accurate data in that regard, and looked forward to consultations at which efforts should be made to reach a decision that was fair to the staff, the Administration and Member States.

69. Mr. NASCIMENTO (Brazil), Mr. PALIZ (Ecuador), Mr. ELZIMAITY (Egypt) and Mr. GREIVER (Uruguay) endorsed the statement made by the representative of India, and suggested that the views of the Sixth Committee should be sought on reform of the internal system of justice.

70. Ms. CAIRNS (United Kingdom) said that her delegation would welcome discussion of the direct and indirect costs of staff representation activities in informal consultations. She asked whether there were staff subscriptions to the Staff Union, and, if so, to what use such subscriptions were put. On reform of the internal system of justice, she agreed that the matter should be postponed and referred to the Sixth Committee for its views.

71. Mr. STÖCKL (Germany) said that his delegation would welcome an organizational chart showing the new structure of the Office of Human Resources Management, and would like an indication of how an independent classification service was still guaranteed, and in particular of whether recruitment and placement were separate from the classification function.

72. Ms. BUERGO RODRIGUEZ (Cuba), supported by Mr. AMARI (Tunisia), agreed that the Committee should defer consideration of reform of the internal system of justice and that the views of the Sixth Committee should be sought.

73. Mr. GODA (Japan) endorsed the comments by the representatives of the United States and of the United Kingdom on staff representation. It was his understanding that the Secretariat was finalizing a policy on the use of retirees and he wished to know what stage matters had reached, before the Committee took a decision. His delegation could not support an unconditional extension of the exemption for conference services. Regarding the restructuring of the Office of Human Resources Management, he looked forward to hearing the views of the Secretariat on human resources management and, in particular, planning capacity, at the fifty-first session.

74. Mrs. EMERSON (Portugal) supported the request by the representative of Germany for an organizational chart. While her delegation did not object to the views of the Sixth Committee being sought on the reform of the internal system of justice, that Committee's responsibility was to consider legal issues affecting States. If it was really necessary, the Sixth Committee might hold a brief resumed session so that the issue could be disposed of at the current session. Lastly, she could not accept that budgetary constraints should stop any delegation from considering any proposal that it deemed worthy of consideration. Her delegation would review the proposals before the Committee, which would improve management within the Organization, on their merits, without being held hostage to the view that there must be a cap on the budget.

75. Mrs. GRAHAM (United States of America) said that her delegation did not agree that the question of the internal system of justice should be referred to the Sixth Committee, and urged the early holding of informal consultations.

76. Mr. HANSON (Canada) said that the exemption for conference services had been approved at the forty-ninth session on the understanding that no further derogations would be approved. Nevertheless, there was now a thinly substantiated request for a further extension, which his delegation was reluctant to approve. While he did not object to seeking the views of the Sixth Committee on reform of the internal system of justice, that body dealt essentially with international treaty law, and it might be more relevant to seek the views of the Legal Counsel.

77. Mr. HALLIDAY (Assistant Secretary-General for Human Resources Management) said that the staff certainly did subsidize the staff-management consultative process, but that he would provide full figures as well as details of direct and indirect costs in informal consultations. He welcomed the Committee's views on the reform of the internal system of justice, and noted the deep concern of staff representatives at the imperfections in the current system.

78. Full details of the restructuring of the Office of Human Resources Management could be provided in the informal consultations, but he noted that the loss of 36 posts since mid-1995 had necessitated rationalization. The D-1 and P-5 posts authorized by the General Assembly for planning - an area of great importance to the Office - were both encumbered by experienced staff members, at the head of a planning team. The posts authorized for career management and performance management had been placed with the Training Service and Examinations and Tests Section, since they embodied skills common to those areas. These changes had strengthened performance management capacity throughout the Secretariat. Training capacity for the Performance Appraisal System and management capability were now subsumed under the same area.

79. Regarding classification, new capacity had been introduced in clusters, and classification officers had been outplaced to allow clusters to conduct first-level classification work for the Secretariat worldwide. Staff had been designated to deal with classification policy and appeals, while the Organizational Manual would be handled at a lower level.

80. Lastly, efforts were being made to improve communication to redress the lack of information for staff and managers. For example, substantive input to

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the Secretariat News was being enhanced and frequent communications were being issued regarding attrition, redeployment and early separation to make sure that staff understood the efforts being made to deal with a situation that many viewed as threatening.

81. Mr. DUVAL (Director, Translation and Editorial Division) said that he had taken note of the comments and concerns expressed by the representatives of the United States, Japan and Canada. Conference services had not stood idle in attempting to reduce its reliance on retirees for temporary assistance. An aggressive policy to develop contractual translation was being pursued and in 1995 some 17 per cent of all translations had been handled on a contractual basis. Special efforts had also been made to expand the roster of local freelance interpreters and translators, although that would take time given limited availability on local markets at all duty stations. The Committee would note, for example, that the difficulty of recruiting translators, revisers and interpreters meeting the Organization's exacting standards was such that only 15 of 3,500 applicants had been selected from the most recent recruitment examination for French translators. It was not easy to obtain dramatic results in only a few months through recourse to the local market. The $12,000 limit had been set on an interim basis pending consideration at the fifty-first session of a policy on the use of retirees. In the report before the Committee the Secretary-General was simply requesting that the derogation granted to the Office of Conference and Support Services on an interim basis should be extended until such time as a general policy could be established at the fifty-first session.

82. The CHAIRMAN said that since the Committee was not in a position to take decisions on the reports relating to reform of the internal system of justice and the use of retirees, those questions would be referred to informal consultations.

The meeting rose at 6.10 p.m.